

Office of City Auditor – City of Seattle

Monthly Report – February 2004



The City Auditor is Seattle's independent internal auditor, appointed by the City Council's Finance Committee Chair and confirmed by the full Council. The Office of City Auditor conducts financial, performance, management, and compliance audits of City departments, programs, grantees, and contracts. The office can be reached at (206) 233-3801, or on the Internet at <http://www.seattle.gov/audit>.

Recently Released Reports

The Office of City Auditor released three reports in February, including a follow-up review of three prior audits conducted in 1999 and 2001.

General Contractor/Construction Manager (GC/CM) Form of Contracting: Issues and Recommendations

We looked at the various approaches used by City departments in executing GC/CM contracts and determined that the City could improve its project management practices by:

- adopting procedures that protect the competitive process when the GC/CM submits bids to perform subcontract work;
- making strategic choices regarding the allocation of responsibility for project risks;
- performing due diligence in reviewing project costs; and
- communicating these and other matters very clearly in the contract documents.

To continue improving its construction management practices, we recommended that the City collect data on the outcome of various GC/CM approaches, evaluate the outcomes, and inform all City project managers for application to future construction projects.

Skagit Project Implementation of Audit Recommendations Follow-Up Review

The primary objectives of this review were to determine whether Skagit Project management implemented recommendations that emerged from our 1999 and 2001 cookhouse, general store, and commute trip reduction program audits. We concluded that Skagit Project management partially or fully implemented 12 of the 16 recommendations from our 1999 and 2001 audits, and considerably improved the financial operations of the cookhouse and general store. However, all three of these Skagit Project functions continued to operate at a deficit.

Ongoing Citywide Cash-Handling Reviews

Our first 2004 cash-handling review focused on a Seattle Department of Transportation work site. We provided recommendations for strengthening seven internal controls and other process improvements.

Reports To Be Released In March

We will release and present our response to the Statement of Legislative Intent (SLI) on quality assurance for information technology projects at the Utilities and Technology Committee on March 9. We will also issue our report on the Carkeek Park Environmental Learning Center in late March.

A Potential Future Audit? Excerpt from a recent information technology newsletter:

Our latest research confirms Gartner and IDC analyst findings, which show that on average up to 40 percent of emails sent in the private sector are non work-related. The situation is even worse in the public sector. It seems hardly credible, but a staggering 70 to 80 percent of emails sent by staff working in the public sector are personal.

Status of Seattle Office of City Auditor Rolling Work Program¹

Projects in the Preliminary Stage (see definitions below)

City Attorney Department Asset Allocation (On Hold)
Police Department Asset Allocation

Projects in the Job Design Phase

Museum Development Authority
Business Taxes
Case Study of Contracting History With One Vendor
Construction Contract Closeout
Domestic Violence
Information Technology Efficiencies
City Procurement Cards
Seattle City Employees Retirement System Follow-Up
Small Works Roster–Construction
Procurement at Seattle Public Utilities

Projects in the Data Gathering and Analysis Phase

Seattle Channel
Treasury and Business Improvement Area Follow-Up
Low Income Rate Assistance Follow Up

Projects in the Report Writing Phase

Carkeek Park Environmental Learning Center
Vehicle Impounds
Joint Records Management with King County

Response to SLI on Quality Assurance Reviews of
Information Technology Projects
Weights and Measures Program
Seattle City Light Customer Service Center Petty Cash
and Charge Funds

To Do Projects

Boards and Commissions
Boundary Dam Internal Controls
Fire Levy
Madison Pool Facility Cash Fund Follow-up
Neighborhoods Service Centers Cash
Handling Follow-Up
Quality Assurance Review of Office of City Auditor
Construction Scheduling
Seattle Department of Transportation Permit Center
Follow-Up
Seattle City Light Follow-Up
Municipal Court Collection Services Follow-Up
Small Works Roster–Consultants
Warehouses–Citywide
City’s Weatherization Programs
Impact of Global Warming on Seattle City Light
and Seattle Public Utilities

Ongoing

Citywide Cash Handling
Cable Customer Bill of Rights

Preliminary: Preliminary review under way to determine whether topic is valuable for an audit.

Job Design: Audit scope is determined and a data-gathering plan is developed. A decision is also made on whether not to continue the audit at the end of this phase.

Data Gathering and Analysis: Comprehensive fieldwork and in-depth analysis is completed during this phase.

Report Writing: Development of the final report.

Follow-Up: Assessment of City departments’ implementation of earlier audit recommendations is often completed one to two years after publication.

To Do: Issues the office will consider examining as staff resources become available.

Ongoing: Official briefings, management reporting, and other small consulting engagements performed on a continuous or regular basis.

¹The Office of City Auditor maintains a “rolling” work program. Throughout the year, we receive new audit suggestions and reprioritize our work program to ensure that we address the most important issues first. The office is currently staffed to complete 12 to 14 projects annually.